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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY International

REPORT NO. [REDACTED]

SUBJECT European Machine Tool Sales in US to Slump

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1. For the past several years, because of lack of availability of US machine tools, sales of European machine tools in the US have soared. The import volume of European machine tools is still running US\$4 to US\$5 million per month. However, there have been a couple of developments recently which we consider significant as far as future sales of such tools are concerned.
2. Whereas for the past two years European machine tools imported into the US were absorbed almost immediately by industry, since January 1953 an increasingly large number of these tools are being consigned to warehouses.
3. The fact that the market for European machine tools is beginning to slip is also evidenced by the fact that the association I head has been contacted by a number of salesmen, formerly handling European lines, who are looking for other employment. These two indications of increased consumer resistance give us the impression that there will be a considerable drop in imports of European tools in the fairly near future.
4. The competition from European machine tools has never caused any serious injury to our industry in the US domestic market. However, the tremendous growth of the machine tool industry in Western Europe is having, and will continue to have, a serious effect on export sales of US machine tools.
5. In normal times the US machine tool industry exported 25% to 30% of production. As of 1953, US exports represent less than 10% of production.
6. While it is expected that there will be considerable mortality in the European machine tool industry because too many producers are building the same types of tools and there is insufficient market for the productive capacity, import and exchange controls will continue to severely limit the market which US machine tool producers can expect to find in Western Europe.
7. Almost invariably a would-be importer of US machine tools in Western Europe is advised by his government to attempt to obtain a similar tool in his own country, or elsewhere in Western Europe. Even if he is not able to do so, he is not sure he will get the import license or the US dollar exchange.

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